

**Opening Statement of Regina McCarthy
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**Subcommittee on Energy and Power
Committee on Energy and Commerce
U.S. House of Representatives**

**Legislative Hearing On H.R 2250, the EPA Regulatory Relief Act of 2011, and H.R.
2681, the Cement Sector Regulatory Relief Act of 2011**

**September 8, 2011
Written Statement**

Chairman Whitfield, Ranking Member Rush, and Members of the Subcommittee, thank you for inviting me to testify today regarding the EPA Regulatory Relief Act of 2011, and the Cement Sector Regulatory Relief Act of 2011. I appreciate the opportunity to testify today on these legislative initiatives, initiatives that are a direct attack at the core of the Clean Air Act.

These two bills would roll back existing Clean Air Act public health protections. We have a number of serious concerns about these bills. Most importantly, they would indefinitely delay the important health benefits associated with rules that establish national limits on emissions of air toxics, including mercury, from certain boilers, solid waste incinerators, and cement kilns. Depending on the degree to which people are exposed, air toxics may be associated with numerous adverse effects, including cancers, respiratory, neurological or developmental effects, and reproductive dysfunction. Mercury and other toxic emissions also damage the environment, polluting our nation's lakes and streams, and contaminating fish. Mercury in fish is a particular concern for women of childbearing age, unborn babies and young children, because high levels of methylmercury are linked to damage to the developing nervous system. This damage can impair children's ability to think and learn.

I want to reiterate my first point because it is critical to understanding the effects of these bills – they would indefinitely delay public health protections required under the existing Clean Air Act. While I am aware that many advocates for these measures describe them as delaying the final rules for only a specifically limited period of time, the actual language in the bills is not consistent with that description. The bills prohibit EPA from issuing replacement standards prior to 15 months after enactment, but set no deadline by which replacement standards must be issued. The bills also prohibit EPA from requiring compliance earlier than 5 years after the replacement standards are promulgated, but sets no date certain by which compliance must occur. These two provisions combined make it clear that the authors have no mandatory timeline in mind for when these public health protections should be achieved. The bill would thus undermine deadlines for rulemaking and compliance under the Clean Air Act. I will provide more detail on the effects of the legislation later in my testimony, but first I want to remind the Members of the Committee of the tremendous success of the Clean Air Act.

“We find that increased environmental spending generally does not cause a significant change in employment. Our average across all four industries is a net gain of 1.5 jobs per \$1 million in additional environmental spending These small positive effects can be linked to labor-using factor shifts and relatively inelastic estimated demand.”⁷

The EPA’s updated public health safeguards under the Clean Air Act will encourage investments in labor-intensive upgrades that can put current unemployed or under-employed Americans back to work. Environmental spending creates jobs in engineering, manufacturing, construction, materials, operation and maintenance. For example, EPA vehicle emissions standards directly sparked the development and application of a huge range of automotive technologies that are now found throughout the global automobile market. The vehicle emissions control industry employs approximately 65,000 Americans with domestic annual sales of \$26 billion.⁸ Likewise, the environmental technologies and services industry employed 1.7 million workers in 2008 and led to exports of \$44 billion of goods and services⁹, larger than exports of sectors such as plastics and rubber products.¹⁰ In fact, the world market for environmental goods and services is worth over \$700 billion, a size comparable to the aerospace and pharmaceutical industries.¹¹

Jobs also come from building and installing pollution control equipment. For example, the U.S. boilermaker work force grew by approximately 35 percent, or 6,700 boilermakers, between 1999 and 2001 during the installation of controls to comply with EPA’s regional nitrogen oxide reduction program.¹² Over the past seven years, the Institute for Clean Air Companies (ICAC) estimates that implementation of just one rule – the Clean Air Interstate Rule Phase 1 – resulted in 200,000 jobs in the air pollution control industry.¹³ Similar effects have been recognized by the electric power industry as well. In an Op-Ed in the Wall Street Journal, eight major utilities that will be affected by our greenhouse gas pollution standards said, “Contrary to claims that EPA’s agenda will have negative economic consequences, our companies’ experience complying with air quality regulations demonstrates that regulations can yield important economic benefits, including job creation, while maintaining reliability.”

⁷ Morgenstern, R. D., W. A. Pizer, and J. S. Shih. 2002. “Jobs versus the Environment: An Industry-Level Perspective.” *Journal of Environmental Economics and Management* 43(3):412-436.

⁸ Manufacturers of Emissions Control Technology (http://www.meca.org/cs/root/organization_info/who_we_are)

⁹ DOC International Trade Administration. “Environmental Technologies Industries: FY2010 Industry Assessment.” [http://web.ita.doc.gov/ete/eteinfo.nsf/068f3801d047f26e85256883006ffa54/4878b7e2fc08ac6d85256883006c452c/\\$FILE/Full%20Environmental%20Industries%20Assessment%202010.pdf](http://web.ita.doc.gov/ete/eteinfo.nsf/068f3801d047f26e85256883006ffa54/4878b7e2fc08ac6d85256883006c452c/$FILE/Full%20Environmental%20Industries%20Assessment%202010.pdf) (accessed February 8, 2011)

¹⁰ U.S. Census Bureau, Censtats Database, International Trade Data--NAICS, http://censtats.census.gov/naics3_6/naics3_6.shtml (accessed September 6, 2011)

¹¹ Network of Heads of the European Environment Protection Agencies, 2005. “The Contribution of Good Environmental Regulation to Competitiveness.” http://www.eea.europa.eu/about-us/documents/prague_statement/prague_statement-en.pdf (accessed February 8, 2011).

¹² International Brotherhood of Boilermakers, *Boilermaker Labor Analysis and Installation Timing*, March 2005, EPA Docket OAR-2003-0053 (docket of the Clean Air Interstate Rule).

¹³ November 3, 2010 letter from David C. Foerter, Executive Director of the Institute of Clean Air Companies, to Senator Thomas R. Carper (http://www.icac.com/files/public/ICAC_Carper_Response_110310.pdf) (accessed February 8, 2011).

significant amount of information that industry had not provided prior to the proposals. EPA was under a court order to issue the final standards in January 2011. Given the extensive public input, EPA asked the Court for an April 2012 deadline for issuing the rules, which the Court denied. The Court required EPA to issue final rules in February, 2011, but noted that EPA could avail itself of an administrative reconsideration process. EPA is doing so.

EPA issued the final standards in February. Although EPA is currently reconsidering these standards, any final version of these standards would save enormous numbers of American children and adults from harm, as evidenced by the public health benefits described above that would be lost if the boiler bill were enacted. The public health benefits are particularly important for people living in communities close to these facilities.

Moreover, the standards would provide these benefits without imposing hardship on America's economy or jeopardizing American job creation. In fact, the analyses accompanying the standards found that for every \$1 dollar spent to comply with these standards, the public will receive \$15 to \$36 in health and other benefits. EPA estimated that the net employment effects in the sectors regulated by these rules are likely to be small.

The final standards included a number of significant changes from the proposed standards. Those changes were based on the real-world information that the Agency gained from the public comments. For example, we received information at proposal that changed how the rule categorizes different kinds of boilers. This led to emissions limits that the boilers can meet in a more cost-effective way. As a result, the final standards would achieve public health benefits while being more practical to implement and about 50 percent less costly than the proposed standards.

I am proud of the work that the EPA did to craft protective, sensible standards for controlling hazardous air pollution from boilers. These standards reflect what industry told us about the practical reality of operating these boilers. When we issued the rules, however, we were also sensitive to the fact that the standards were substantially different from the ones on which the public had an opportunity to comment last year. That is why EPA announced that it would reconsider certain issues, and also solicited and accepted comments from members of the public regarding what issues EPA should reconsider. In the meantime, EPA has stayed the effective date of the major source rule for certain boilers and incinerators.

EPA intends to issue a reconsideration proposal this fall that will proposed reconsideration of some aspects of the major source boiler and incinerator standards that were promulgated in February. That proposal will be based on our review of issues identified in petitions for reconsideration submitted by the public, along with our further examination of issues that we identified when we announced the reconsideration in January. We intend to take final action on the proposed reconsideration by the end of April 2012, at which time the rules will be final.

The boiler bill would also delay implementation of the area source rule for smaller boilers. Of the smaller boilers that are affected by this rule, virtually all will need only to

Again, I appreciate the opportunity to provide the Agency's views as you develop this legislation. I look forward to your questions.